

NATIONAL FINANCES.

DEBT AND ITS REDUCTION—SINKING FUND—CURRENCY—
COLLECTION OF TAXATION—EFFICIENT COLLECTION OF REVENUE—
RECEIPTS AND EXPENDITURES—POSTAL SERVICE—
CURRENT EXPENSES—EXPENDITURES CLASSIFIED AND
COMPARED—FIDELITY AND ECONOMY OF THE REPUBLICAN PARTY.

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The following pages contain a brief, comprehensive, and trustworthy review of the financial measures and policy of the Republican Congress and Administration, since these two branches of the Government have been brought into harmonious relations.

All of the statements have been carefully drawn from official sources, and their accuracy tested by exhaustive comparison, that error might be positively excluded. The facts presented are incontrovertible, and the estimates, which are in every instance stated, have been prepared with the most scrupulous care, as to what is or what is not the fact, and as to the value of the same. The figures are given in full, and the comparisons are made in such a manner as to give a full and complete picture of the financial condition of the country, and to show the progress of the measures, policy, and purposes of the great and patriotic organization to which they belong; and the latter, as perfect a refutation of the malicious falsehoods and unfounded assumptions with which their party press and leaders have been assailed for the last eighteen months.

Do not lay this document aside without a full and exhaustive examination. It is replete with facts of vital importance to the honor, dignity, and prosperity of the country and people. It should be studied and mastered by all. It demonstrates beyond controversy the wisdom and energy of the Republican administration and the power and prosperity of the American people.

It proves conclusively that "honesty is the best policy," that payment is more economical than postponement, that redemption is cheaper than repudiation, and that an honest collection and faithful application of the public revenues have been the basis of the credit, energy, and success of the administration, and have invigorated the industries of the people. Study the record. Master its facts. Treasure and profit by the lessons it teaches.

The National Debt—Its Diminution since the Close of the Democratic Administration of President Johnson.

On the first day of March of the year 1869, the public debt of the United States, less the amount of cash in the Treasury, according to the official statement published monthly, was somewhat in excess of two thousand five hundred and twenty-five millions of dollars—more exactly \$2,525,463,200.01; or, making an allowance of \$30,000,000 for the amount of cash in the Treasury, the debt was \$2,495,463,200.01. On the first day of March, 1869, which is taken at four-thirtieths of the diminution for the entire month, the amount of indebtedness (less cash in the Treasury) on the fifth day of March, 1869, was \$2,227,427,086.91.

On the first day of the month of July of the year 1870, the public debt, by the wise policy of President Grant and his able Cabinet advisers, had been so diminished as to amount to about two thousand three hundred and eighty-six millions of dollars, more exactly \$2,386,358,599.74—exclusive of cash, sinking fund, and other bonds purchased.

The amount of reduction of the debt during this period of nearly sixteen months, which has elapsed since the out-going of the Johnson rule and the incoming of that of President Grant, has therefore been somewhat over one hundred and thirty-nine millions of dollars; more exactly \$139,036,113.10. That is to say, the public indebtedness during the interval from the fourth day of March, 1869, to the first day of July, 1870—the entire period yet completed of the administration of President Grant—has been diminished by the unexampled amount of nearly one hundred and forty millions of dollars.

By means of the redemption and payment of the one hundred and thirty-nine millions of coin interest-bearing debt, the public is relieved forever from an annual tax to the amount of eight millions and one-third of a million of dollars (\$8,344,145.23); which sum was each year required simply to pay the six per cent. gold interest annually due on the one hundred and thirty-nine millions of dollars.

This eight and one-third million annual tax would, without compounding or discount, have swelled to an aggregate of eighty-three millions in ten years to one hundred and sixty-seven millions in twenty years, and two hundred and fifty millions of taxation in thirty years.

This relief is permanent. Most of the other proposition which have been, from time to time, promulgated for relieving the people from taxation are but temporary expedients, that tend, in fact, merely to prolong the period and augment the aggregate of taxation.

For the large reduction of indebtedness, and consequent yearly savings, grateful acknowledgements are due to the Republican administration of President Grant, and especially to the foresight and persistent energy of his Minister of Finance.

United States Indebtedness.

(According to the official monthly returns.)

	1st March, 1869.	1st July, 1870.
Debt outstanding—		
Principal	\$2,606,994,694.14	\$2,601,675,127.83
Accrued interest.	34,063,355.63	60,607,556.52
Total debt, principal and interest.	\$2,641,058,049.77	\$2,662,282,684.35
Amount of cash and securities in the Treasury—		
Coin belonging to Government.	\$69,965,700.72	\$78,228,928.88
Coin for which certificates of deposit are outstanding.	28,775,560.00	34,047,120.00
Currency.	16,858,529.04	28,945,067.10
Sinking fund and accrued interest.	37,665,191.63	86,587,776.91
Other bonds purchased.		
Total in Treasury.	\$115,594,789.76	\$265,924,084.61
Amount of public debt, including accrued interest, less amount of cash and securities in the Treasury.	\$2,525,463,200.01	\$2,386,358,599.74

Sinking Fund.

The law which authorized the creation of the debt for the maintenance of the Government, also provided for the establishment of a Sinking Fund, equal to one per centum of the entire debt of the United States, within each fiscal year from July 1st, 1862, which, with its accumulated interest, should be applied to the redemption of the debt. But, until the accession to power of the present administration, this wise provision had been wholly neglected—this pledge of the Government had not been fulfilled.

As soon, however, as President Grant's administration was fully organized, the Secretary of the Treasury inaugurated effective measures in conformity with this important requirement of the law, by directing the monthly purchase of bonds to the requisite amount, in pursuance of which, United States bonds have been purchased, for the Sinking Fund, as follows:

	May, 1869.	January, 1870.
May, 1869.	\$3,071,000.00	\$2,451,700.00
June	5,000,000.00	3,000,000.00
July	5,000,000.00	3,000,000.00
Aug.	2,000,000.00	2,345,400.00
Sept.	2,000,000.00	2,000,000.00
Oct.	2,000,000.00	2,000,000.00
Nov.	2,201,300.00	2,000,000.00
Dec.	3,000,000.00	
Total purchases on account of Sinking Fund to June 30, 1870.		\$38,842,900.00

But, in consequence of the superior economy of the present administration, and its more efficient collection and honest application of the revenues, there still remained in the Treasury a larger current gold balance than was required for the ordinary public service. This excess, it was determined to use for the public advantage instead of allowing it to remain idle in the Treasury vaults, as had been done by the preceding administration. This object could be accomplished with entire safety to the Government, and with interest advantage to the business interests of the country, by the application of the excess over a safe current balance, to the purchase of United States bonds, and bonds were accordingly purchased, as follows:

	July, 1869.	Jan., 1870.
July, 1869.	\$13,000,000.00	\$5,342,550.00
Aug.	8,000,000.00	1,050,000.00
Sept.	14,000,000.00	2,000,000.00
Oct.	10,000,000.00	2,558,800.00
Nov.	10,435,000.00	4,001,850.00
Dec.	10,000,000.00	6,000,000.00
Total amount of bonds purchased on account of Government.		\$84,586,200.00

This sum has, by direction of the law passed at the recent session of Congress, been added to the Sinking Fund, which, as stated above, amounts to—

Thus swelling the Sinking Fund on June 30, 1870, to—	\$123,429,100.00
Here we have, in fact, nearly one hundred and twenty-four millions of the war debt paid, and the people forever relieved of that amount and its recurring burden of \$7,405,746.00 annual interest, the magnitude of which, for a period of years, is illustrated on page 1, under head of "Diminution of the National Debt."	

It is so much of the debt paid, and purchased by the Sinking Fund, that it is simply to apply, annually, the interest of the amount to the reduction of the debt, thus maintaining exact faith with the public creditors, by which means alone the nation's credit can be upheld and advanced.

Refunding the Debt.

The vigorous collection and faithful application of the revenues, and the economical measures of the Republican Congress and Administration, have so replenished the Treasury and enhanced the public credit, that the funding of the debt, at a reduced rate of interest, and to accomplish this desirable relief, Congress, at its recent session, enacted a law for that purpose. The new series of bonds under that act is being prepared as follows:

	Annual saving of interest.
200,000,000 at 5 per cent.	\$2,000,000
300,000,000 at 4 1/2 per cent.	4,500,000
1,000,000,000 at 4 per cent.	20,000,000
Total annual saving of interest by refunding.	\$26,500,000

Whole amount to be refunded, one thousand five hundred millions, at the average rate of four and one-fourth (4.25) per cent. per annum, the saving being at the average rate of one and three-fourths (1.75) per cent. per annum, equal to \$26,500,000 each year.

This annual saving of interest represents a capital of FOUR HUNDRED AND FORTY-ONE AND TWO-THIRDS MILLIONS OF DOLLARS (\$441,666,666.66), and, as a measure of relief, is equivalent to the reduction of the debt to that amount. This reduction is wholly due to the restored confidence and improved credit incident to sagacious legislation and a vigorous and honest administration of the law, and to accomplish this desirable relief, Congress, at its recent session, enacted a law for that purpose. The new series of bonds under that act is being prepared as follows:

	Value of United States Securities, at the close of the administration of President Johnson, and at the close of the first fiscal year of the administration of President Grant—compared.
United States 5-20 coupon bonds of 1862, which bonds are regarded in the markets of Europe and America as the standard for comparison, were quoted in London, Frankfurt, and New York, during the week ended July 5, 1870, at the following averages, respectively:	
In London at an average of—	90-58
In Frankfurt at an average of—	96-3-16
In New York at an average of—	111-1-8

These quotations being carefully reduced to their equivalents in the gold currency of the United States, give the following values: In London the premium of the bonds was 99.2 per cent.; in Frankfurt, 98.1 per cent.; and in New York, 99.4 per cent. of their face value.

During the week ended March 4, 1869—which was the closing week of the administration of President Johnson—the same class of United States securities were quoted in London and New York at the following average rates:

	Value of United States Securities, at the close of the administration of President Johnson, and at the close of the first fiscal year of the administration of President Grant—compared.
In London at an average of—	90-58
In Frankfurt at an average of—	96-3-16
In New York at an average of—	111-1-8

These quotations reduced to their equivalents in the gold currency of the United States give the following values: In London 89.9 per cent., and in New York 89.4 per cent. of the face value, from which it appears that the price of United States

securities have advanced—since the close of Johnson's administration—in the London market from 89.9 to 99.2, and in the New York market from 89.4 to a gold value of 99.4, an increase of value of about 11 per cent., (10.4 per cent. in London, and 11.2 per cent. in New York.)

Receipts and Expenditures—1869 and 1870.

The receipts for the last fiscal year, to wit, for the year ended 30 June, 1870, were as follows:	
From Customs.	\$194,538,374.44
Internal Revenue.	184,830,756.49
Sales of Public Lands.	3,350,481.76
Miscellaneous sources.	28,466,864.94
Total.	\$411,255,477.63
The net expenditures of the Government during the same period were:	
For Civil and Miscellaneous.	\$53,237,608.56
War Department.	57,655,675.40
Navy Department.	21,780,229.87
Indians and Pensions.	31,748,140.92
Interest on Public Debt.	127,052,368.03
Total.	\$292,124,052.18
From which it appears that the receipts during the year were—	\$411,255,477.63
Expenditures during the same period.	\$292,124,052.18
Showing excess of receipts.	\$119,131,425.45

This sum, and the sum indicated by the decrease of the cash in the Treasury, were used for purchase and redemption of the public debt.

Comparative Expenditures for Fiscal Years.

The expenditures in currency, including war items, for the year ended March 31, 1869, eleven months of which were under Johnson, were—	\$348,656,243.85
The expenditures in currency, including war items, for the year ended June 30, 1870, all under Grant, were—	292,124,052.18
Saving under Grant.	\$56,532,191.67

Expenditures for the fiscal years 1869-70 and 1870-71 Compared.

Total expenditures for year ending June 30, 1870.	\$292,124,052.18
From this expenditure there should be deducted the following interest, incurred in consequence of the Democratic rebellion:	
Interest on the public debt.	\$127,702,338.05
Expenses of national loan.	2,792,465.32
Expenses of the military service.	4,990,700.00
Horses and other property lost in the military service.	200,954.50
Reimbursing States for expenses incurred in raising troops.	1,291,303.22
Bureau of Refugees and Freedmen.	1,325,190.25
Arrears of pay to volunteers.	1,895,402.94
Expenses under reconstruction acts.	1,890,760.84
National cemeteries.	27,384.72
Unclaimed abandoned property.	248,563.22
Expenses collecting internal revenue taxes.	8,104,733.40
Pensions.	28,240,292.17
Navy, increased expenses.	8,089,000.00
Army, increased expenses.	26,055,827.60
Total.	\$211,241,116.73

Total expenditure for the fiscal year 1869-70, less items properly chargeable to the rebellion—

Reduced to a gold basis, for comparison with the expenditures of the fiscal year 1869-70, under the Democratic administration, the average premium of gold for the years 1869-70 being 23-10 per cent., gives as the expenditures, less war items, gold basis—	\$65,651,733.45
Estimating the population of the United States at 40,000,000, the expense for the year of President Grant's administration ending June 30, 1870, is, per capita, \$1.64.	
For the year ended June 30, 1869, the expenditures of the Government were \$65,025,789.34 gold, the population being about 31,400,000, per capita, \$2.07—showing a proportionate expenditure of 18 per cent. less in 1870 than in 1869 upon the same basis, notwithstanding the increased area of the country, the interest on Pacific Railroad bonds, and the organization of new Territories.	

Internal Revenue.

Comparative statement, showing the receipts from the same general sources of taxation from December 1, 1867, to February 28, 1869, inclusive, and from March 1, 1869, to May 31, 1870, inclusive, during a period of fifteen months; also the increase or decrease, and the rates of increase and decrease:

Sources of Revenue.	Receipts from Dec. 1, 1867, to Feb. 28, 1869, (15 months).	Receipts from March 1, 1869, to May 31, 1870, (15 months).	Increase.	Incr. per cent.
Spirits.	\$87,032,075.02	\$67,882,812.53	\$19,149,262.49	22.00
Tobacco.	24,090,541.69	38,010,252.05	13,919,710.36	57.80
Fermented liquors.	7,138,092.87	7,805,964.59	667,871.72	9.36
Gross receipts.	8,295,178.22	8,295,178.22	0.00	0.00
Gross receipts.	8,295,178.22	8,295,178.22	0.00	0.00
Income, incl'g salaries.	36,316,333.02	47,824,641.56	11,508,308.54	31.69
Banks and bankers.	3,873,419.71	5,132,749.49	1,259,329.78	32.52
Special taxes.	9,521,781.46	11,963,299.48	2,441,518.02	25.64
Successions.	2,455,216.24	2,945,040.24	489,824.00	19.95
Articles in Schedule A.	1,906,249.57	1,150,586.38	755,663.19	39.66
Passports.	25,969.00	30,675.00	4,706.00	18.12
Gas.	2,455,216.24	2,945,040.24	489,824.00	19.95
Stamps.	1,417,724.61	1,053,037.48	364,687.13	25.76
Total.	\$161,821,686.77	\$228,337,639.92	\$66,515,953.15	41.12

Net total increase of collection, \$66,515,953.15, or 41.12 per cent., notwithstanding the annual reduction under acts of March 31st and July 20th, 1868, estimated at \$45,000,000.

The significance of this table is in the demonstrated fact, that under the administration of President Grant there is a marked increase of collection in every class of taxes, and a marked reduction in the penalties of non-payment of a million of dollars, clearly proving a more efficient service and a diminution of fraud.

By the act of February 2d, 1868, the tax was removed from raw cotton, and by the act of March 31, 1868, it was removed from all articles not named in the above list. These free articles are properly excluded. Some modifications of the law were made in 1868, and in 1870, as to wool, copper, cigars, tobacco, &c., but no material reduction occurred until the present year.

Estimate of the annual reduction in Internal Taxes by Act of July 14, 1870.

Sources of Revenue.	According to the provisions of the law of July 14, 1870, call 1870.	Estimated annual reduction.
Will cease May 1, 1871, except those connected with fermented liquors, spirits, and tobacco.	\$10,674,000	\$10,674,000
Gross receipts.	6,784,000	6,784,000
Will cease Oct. 1, 1870, except those on sales of tobacco, spirits, and those paid by stamps.	8,804,000	8,804,000
Will be 21 per cent. on incomes over \$2,000 instead of 5 per cent. on incomes over \$1,000.	37,243,000	23,700,000
Legacies.	1,619,000	1,619,000
Successions.	1,364,000	1,364,000
Articles in Schedule A.	892,000	892,000
Passports.	25,000	25,000
Will cease Oct. 1, 1870, for promissory notes for less than \$100, for receipts, for canned and preserved fish.	15,611,000	1,350,000
Total.	\$83,016,000	\$55,212,000

It will be seen from the above that all special taxes have been abolished, except those pertaining to fermented liquors, spirits, and tobacco.

And it is proper here to remark that, since the downfall of the rebellion, the burden of taxation has been, by a Republican Congress, removed from more than 10,000 articles which entered into use or consumption by the people.

The following table exhibits the estimated annual reduction of annual internal taxation and customs duties under the laws mentioned, and also the aggregate of said reductions for the five years:

	Reduction of Internal Taxes.
By act of July 14, 1870.	\$65,000,000.00
By act of March 2, 1867.	40,000,000.00
By act of February 3, 1868.	25,000,000.00
By acts of March 31 and July 20, 1868.	45,000,000.00
By act of July 14, 1870.	55,212,000.00
Net total reduction internal taxes.	\$235,212,000.00

Customs Duties.

The net proposed decrease of duties on imports by the act of July 14, 1870, is—	\$2,636,827.33
Aggregate annual decrease.	\$51,848,827.33

Bonds Purchased.

Bonds purchased from May, 1869, to June, 1870, both inclusive.	\$123,429,100.00
Premium paid on same.	18,107,043.36
Amount paid for bonds to June 30, 1870.	\$141,536,143.36
Premium paid on same.	758,178.30
Total currency paid for bonds.	\$142,294,321.66

Gold Sales.

Sales of gold from May, 1869, to July, 1870, both inclusive.	\$80,728,317.82
Premium received on same.	29,763,351.99

Currency.

Act to provide for the redemption of the three per cent. certificates, and an increase of national bank notes.

This act provides for the issue of fifty-four millions (\$54,000,000) of dollars of circulating bank notes to National Banking Associations in addition to the \$300,000,000 authorized by preceding legislation. The amount of notes so provided, to be furnished to associations organized or to be organized in States or Territories having less than their proportion, due regard being had to the banking capital, population, resources, and business of each State or Territory.

The Secretary of the Treasury, upon the report at the end of each month of the amount of currency in circulation, is required to retire a corresponding amount of the three per cent. certificates until the whole amount outstanding (\$45,420,000) shall be redeemed and cancelled.

Actual Increase of Circulation.

Amount of circulating notes authorized.	\$54,000,000
Amount of three per cent. certificates to be cancelled.	45,420,000
Actual increase.	\$8,580,000

The enterprise and productive energy of the country, as evidenced by the stimulated increase of banking capital and circulation; but the withdrawal of the \$45,420,000 of three per cent. certificates, mainly from localities having more than their proportion of banking capital, and the distribution of a corresponding amount of national bank notes in localities which are deficient, cannot fail to bring into use a large amount of now dormant capital, and arouse and invigorate the energies and material interests of those sections.

Its Value to the Government and the People.

The direct advantages to the United States Treasury will be the payment and cancellation of \$45,420,000 of interest-bearing indebtedness, and to the people the annual saving of \$1,902,000 of interest.

This measure of simple justice to the South and West, and of marked advantage to the whole people, will be accepted, with all the wise provisions of the statute, without detriment to any section or interest.

Postal Service.

This, more than any other, the peoples Department, which comes to all our homes, laden with welcome messages of business or friendship, and with intelligence from every clime, has been enabled, by a more exact system of administration and by the enforcement of a rigid economy and a strict accountability, to be largely increased and more efficient service at a diminished proportionate expenditure.

During the year ending June 30th, 1869, only one-third of which came under the present Administration—

The expenditures were—	\$28,698,131.50
The receipts—	18,344,610.72
The deficit—	\$6,353,520.78

Since the Department has been under the direction of its present able head, there have been no service as follows:

550 New Post Offices; 616 New Money Order Offices; 2,448,488 miles of annual inland mail transportation—equal to ninety-six times the circumference of the earth. And yet, with this increase of service, the official estimates of expenditure for the year ending June 30, 1871, were but \$25,881,093—only \$1,822,061.50, more than was expended on the inferior service in the year ending June 30th, 1869. At the same time, the receipts of the Department are rapidly increasing—the ratio of expenditure diminishing—to an extent, warranting the declaration that, there will not only be no deficit in the close of the current year, but justifying the expectation that the expenditures will fall considerably below the estimates.

Pacific Railroad Bonds.